



Fiscal Year 2015-16
Annual Operating Budget
&
Capital Improvement Program

City Council Meeting
June 9, 2015



Agenda



- 5/27/15 Budget Workshop Outcomes
- Introduction
- FY2015-16 Highlights
 - 5-Year Capital Improvement Program
 - Annual Operating Budget
 - Temecula Community Services District
- 5-Year Financial Plan
- Discussion

5/27/15 Budget Workshop Outcomes



- Requested Budget Adjustments:

Account	Account Description	FY15-16 Proposed Budget	Budget Adjustment	FY15-16 Adopted Budget
001.110.999.5250	City Manager - Other Outside Services	\$9,639	\$75,000	\$84,639
001.111.999.5264	Economic Development - Sponsorship Funding Program	\$267,500	-\$22,000*	\$245,500
190.111.999.5264	TCSD Human Services - Community Grant Program	\$10,200	\$22,500	\$32,700

** The FY15-16 Proposed Budget mistakenly reflected an appropriation of \$22,000 rather than \$22,500 for breast cancer awareness funding, therefore the reduction to the Economic Development Proposed Budget is less than the new appropriation to the TCSD Adopted Budget.*

Introduction



- City Profile

- Population: 108,920 (up 2.5%)
- Median Age: 34 years old
- Number of Households: 33,869
(up 1% from prior year)
- Average Household Income: \$85,839 (up 6.3%)
- April Median Home Price: \$452,976 (up 6% from March 2014)
- Number of Jobs: 49,292 (up 15%)
- Temecula Unemployment: 4.5% (down from 5.6% in April 2014)



Introduction



- Quality of Life Master Plan Core Values
 1. Healthy and Livable Community
 2. Economic Prosperity
 3. A Safe and Prepared Community
 4. A Sustainable City
 5. Transportation Mobility and Connectivity
 6. Accountable and Responsive City Government



Fiscal Years 2016-20 Capital Improvement Program

Burlile

Capital Improvement Program

Fiscal Years 2016-2020



Highlights:

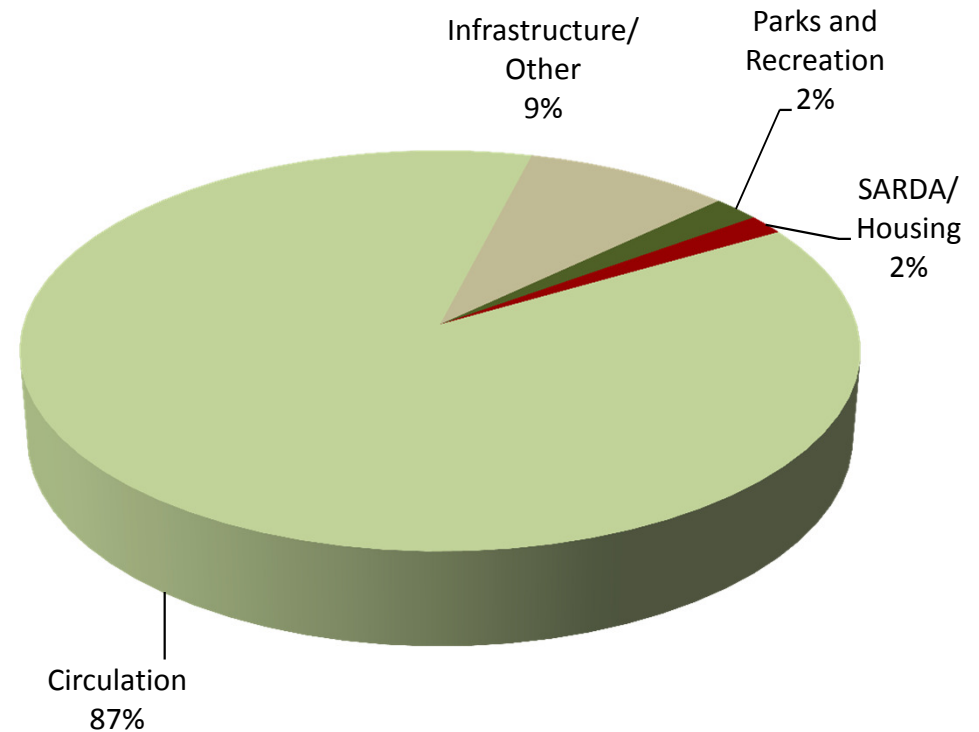
- 50 Capital Projects
- \$454.4M in Total Project Costs
 - \$321.7M programmed to complete projects
 - \$132.7M spent-to-date
 - \$221.8M funded
- \$22.9M appropriated in FY15-16
- \$49.7M carried over from prior years

Capital Improvement Program

Fiscal Years 2016-2020



Type of Project	Number of Projects	Cost to Completion
Circulation	16	\$280,956,429
Infrastructure/ Other	25	\$28,973,826
Parks and Recreation	8	\$6,570,233
SARDA/Housing	1	\$5,206,873
TOTAL	50	\$321,707,361



Capital Improvement Program

Fiscal Years 2016-2020



Circulation Projects

16 Projects totaling \$280,956,429

- French Valley Parkway/
I-15 Phase II (\$216M)
- I-15/State Route 79
Ultimate Interchange (\$50.6M)
- Murrieta Creek Bridge &
Overland Dr. Extension (\$19.3M)



Capital Improvement Program

Fiscal Years 2016-2020



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Fiscal Years 2016-2020



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Capital Improvement Program

Fiscal Years 2016-2020



Circulation Projects

16 Projects totaling \$280,956,429

○ Pavement Rehabilitation Program (\$7.3M)

- ✦ Old Town Front Street (\$520k)
- ✦ Temecula Parkway (\$550k)
- ✦ Margarita Road - Phase I (\$2M)



○ Traffic Signal Equipment Replacement Program (\$330k)

Capital Improvement Program

Fiscal Years 2016-2020



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Capital Improvement Program

Fiscal Years 2016-2020



Infrastructure Projects

25 Projects totaling \$28,973,826

- City Sidewalks (\$167k)
- Bike Lane & Trail Program(\$508k)
- City Facilities Rehabilitation (\$468k)
- Library Parking – Phase II (\$2.8M)



Capital Improvement Program

Fiscal Years 2016-2020



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Capital Improvement Program

Fiscal Years 2016-2020



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25 Projects totaling \$28,973,826

- Temecula Park & Ride (\$2.7M)
- Former YMCA Repair & Remediation (\$1.5M)
- Evaluation of Disabled Access to City Facilities & ROW (\$350k)
- Fire Station #73 Living Quarters Upgrade (\$1.8M)
- Theater Remediation (\$3.8M)



Capital Improvement Program

Fiscal Years 2016-2020



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Fiscal Years 2016-2020



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Capital Improvement Program

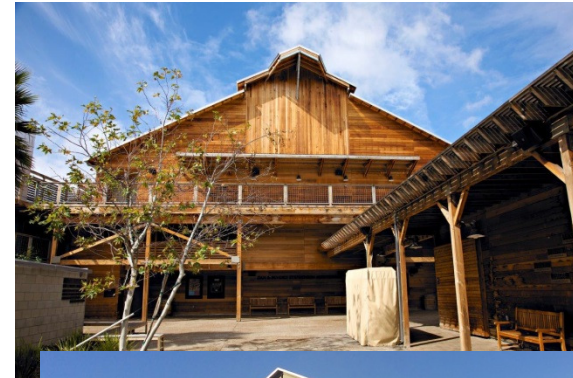
Fiscal Years 2016-2020



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Capital Improvement Program

Fiscal Years 2016-2020



Parks & Recreation Projects

8 Projects totaling \$6,570,233

- Pennypickle's Workshop Exhibit/ Enhancement Project (\$114k)



- Parks Improvement Program (\$356k)



- Playground Equipment & Safety Enhancement (\$630k)



Capital Improvement Program

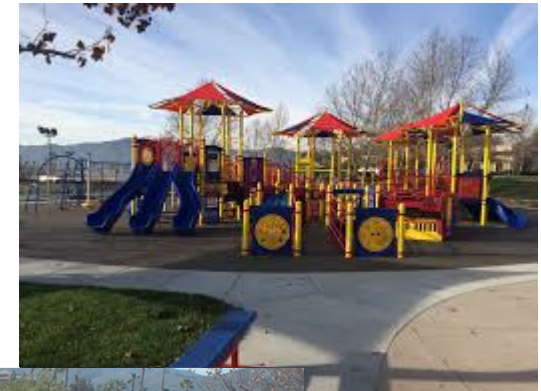
Fiscal Years 2016-2020



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& Safety Enhancement (\$630k)



Fiscal Years 2016-2020



Parks & Recreation Projects

8 Projects totaling \$6,570,233

- Sam Hicks Monument Park Playground Renovation (\$614k)



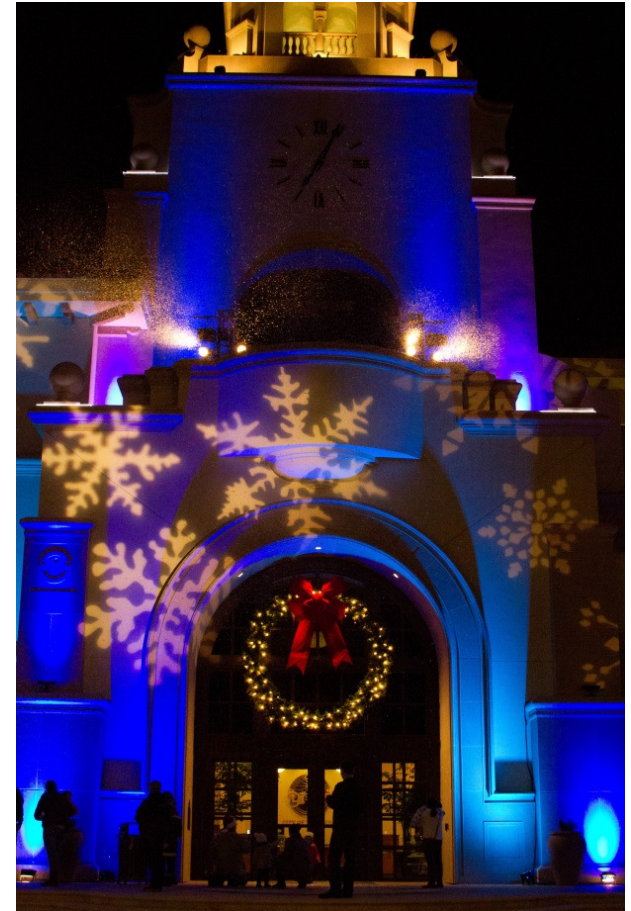
Capital Improvement Program

Fiscal Years 2016-2020



New CIP Projects

- City Hall Exterior LED Lighting (\$67.5k)
- Emergency Operations Center (\$117k)
- Theater LED Lighting (\$30.6k)



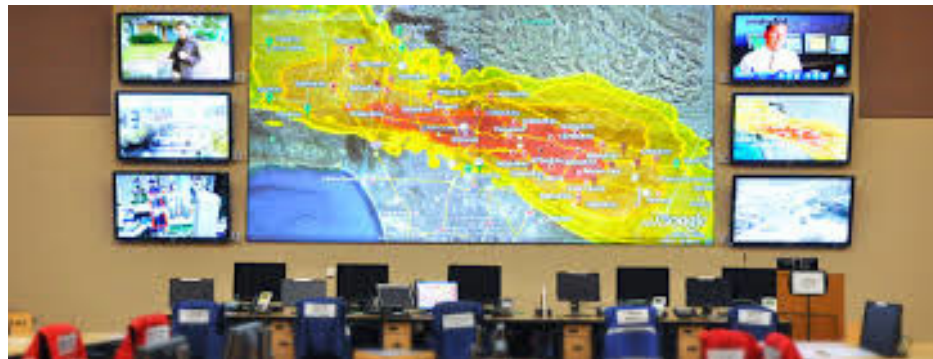
Capital Improvement Program

Fiscal Years 2016-2020



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Capital Improvement Program

Fiscal Years 2016-2020



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Capital Improvement Program

Fiscal Years 2016-2020



SARDA/Housing Projects

Available Funding \$5,206,873

- Affordable Housing
 - ✦ Remaining 2010 bond proceeds
 - ✦ Specific Project(s) to be identified
 - RFP going out in June to solicit interest



Questions/Discussion





Fiscal Year 2015-16 Annual Operating Budget

FY 15-16 Annual Operating Budget



General Fund

Revenue	\$65,853,760
<u>Expenditures</u>	<u>\$65,345,519</u>
Revenue – Expenditures	\$508,241

Transfers Out:

- Capital Improvement Projects	\$1,248,326
- Workers' Compensation Fund	\$250,000
- City & Parks Facility Rehabilitation	\$420,000
- Intern Fellowship Program	\$19,645
<u>- Business Incubator Fund</u>	<u>\$187,127</u>
Total Transfers Out	\$2,125,098

FY₁₅₋₁₆ Annual Operating Budget



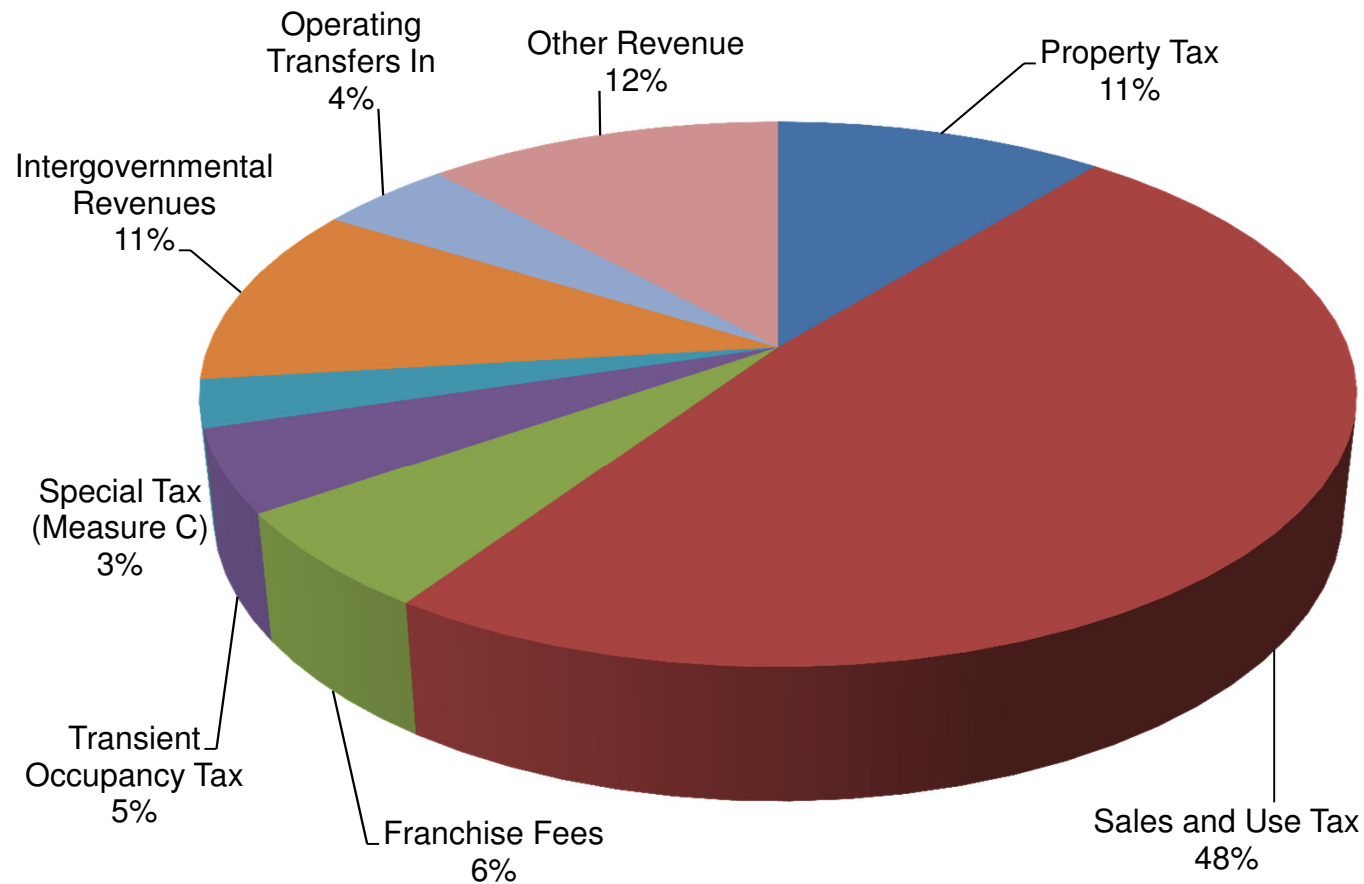
General Fund

• 7/1/15 Beginning Fund Balance	\$24,356,478
• 6/30/16 Ending Fund Balance	\$22,739,620
• Reserved for Economic Uncertainty (20%)	\$13,069,104
• Secondary Reserve (5%)	\$3,267,276
• <u>Capital Projects & Unrealized Gains</u>	<u>\$1,033,088</u>
• Available Fund Balance	\$5,370,152

FY15-16 Annual Operating Budget



General Fund Revenue = \$65,853,760



FY15-16 Annual Operating Budget



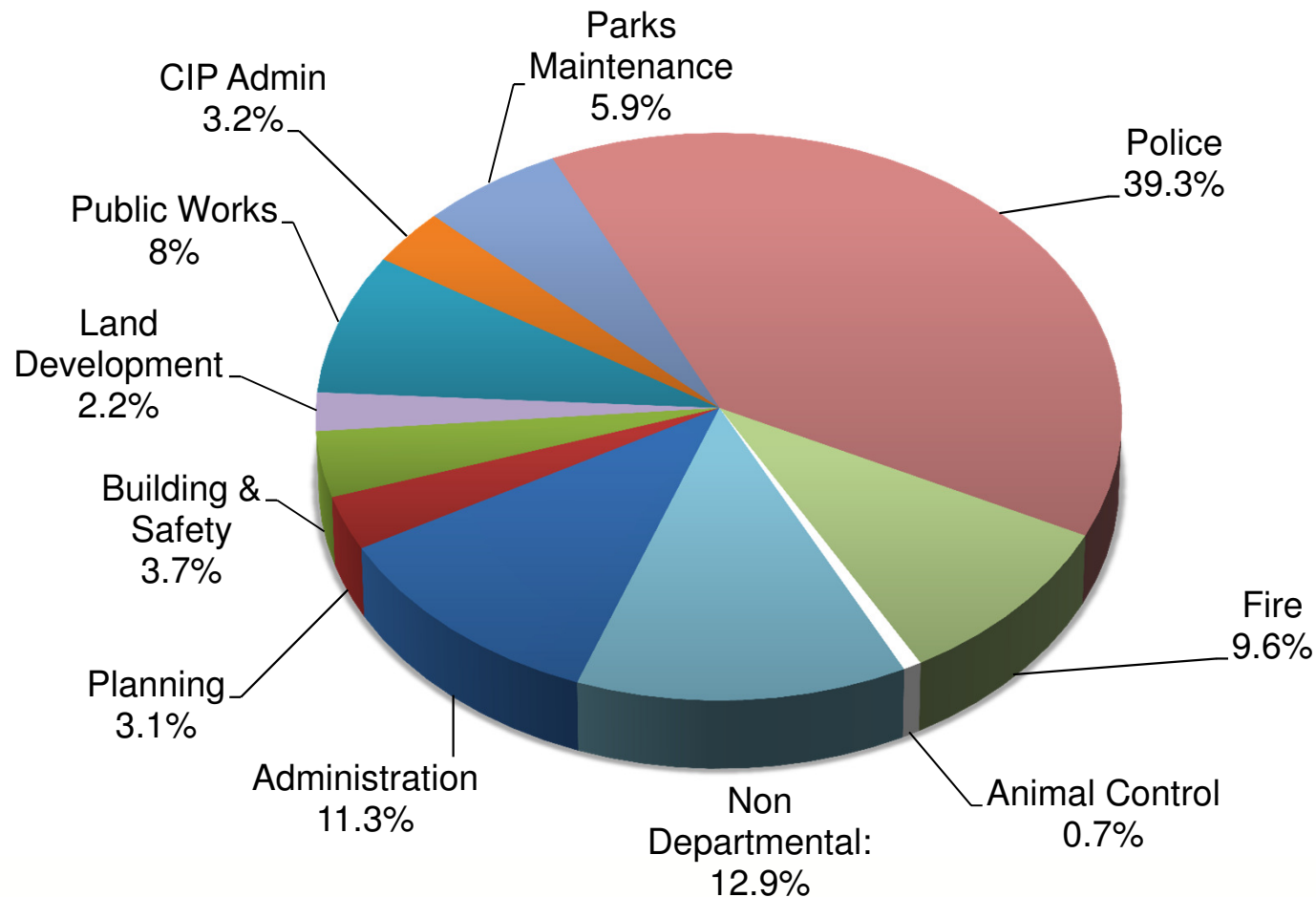
General Fund Revenue = \$65,853,760

	<u>FY15-16</u>	<u>% Chg</u>	<u>Assumptions</u>
Property Tax	7,157,977	5.6%	Increased Property Values
Sales and Use Tax	31,982,496	2.0%	Growth in most sectors
Franchise Fees	3,888,177	4.1%	Projected inflation
Transient Occupancy Tax	3,251,835	9.3%	Projected inflation
Special Tax (Measure C)	1,867,639	0%	Flat compared to prior year
Intergovernmental Revenues	7,055,799	4.2%	Increased Property Values
Operating Transfers In	2,912,992	-9.0%	Less Gas Tax transferred
<u>Other Revenue</u>	<u>7,736,845</u>	<u>-8.6%</u>	Deferred Development revenue
General Fund Revenue	\$65,853,760	1.0%	

FY15-16 Annual Operating Budget



General Fund Expenditures = \$65,345,519



FY 15-16 Annual Operating Budget



General Fund Expenditures:

- Police Department (39% of General Fund)
 - Operating Budget = \$25,694,620
 - Includes replacement of 1 Motorcycle (\$28k)
- Total staffing = 135
 - 100 Sworn Officers, 19 CSOs, 16 Administrative
- 7.5% increase in Sheriff Contract, offset by:
 - Continuation of 3 vacant positions (\$832k)
 - SET Officer, Motorcycle Officer, Accident Investigator
- Continued cost sharing arrangement with TVUSD
 - 50% for 5 School Resource Officers



FY₁₅₋₁₆ Annual Operating Budget



General Fund Expenditures:

- Fire Department (9.6% of General Fund)
 - Total Staffing = 65
 - Operating Budget = \$13,932,812
 - Less Fire Tax Credit of \$7,645,222
 - General Fund impact of \$6,287,590



- 11% increase in Fire Contract in anticipation of Cal Fire labor negotiations which begin July 1st
- Maintaining staffing ratio of 4 personnel/engine

FY₁₅₋₁₆ Annual Operating Budget



General Fund Expenditures:

- Community Support Grants (non-profits) = \$88,000
 - \$60,000 annual allocation
 - \$3,000 additional from 2015 Rod Run proceeds
 - \$25,000 Council Discretionary funding
- TCSD Funding Contribution = \$5,636,876
 - Recreation = \$4,601,783
 - Library = \$644,205
 - Service Level B – Residential Street Lights = \$390,888



FY 15-16 Annual Operating Budget



Other Expenditures

- Capital Outlay
 - 5 Public Works Trucks (\$203k or \$20.3k/yr for 10 yrs)
 - 1 Vactron (\$60k or \$4k/yr for 15 yrs)
 - 1 new Mid-Size Truck for TCSD (\$25K or \$2.5k/yr for 10 yrs))
- Technology Investment
 - Lease of new SAN/Server (\$120k/year for 5 yrs)
 - Library Firewall Replacement (\$30k or \$6k/yr for 5 yrs))
 - Wi-Fi Upgrade for Old Town (\$15k or \$3k/yr for 5 yrs)
 - Wi-Fi Upgrade for Civic Center (\$35k or \$7k/yr for 5 yrs)
 - Annual Computer Equipment Lifecycle Program (\$50k)

FY15-16 Annual Operating Budget



Staffing/Salaries & Benefits

- Consistent staffing levels – 158.2 Authorized Positions (including 5 Council Members)
 - Reassignments of vacant positions
 - Sr. Debt Analyst -> Management Analyst (Finance)
 - Custodian -> Maintenance Worker (Public Works)



- 2 Part-Time Office Specialists increased from 20 to 24 hours per week
- Project staffing costs held constant to FY14-15 levels

FY 15-16 Annual Operating Budget



Staffing/Salaries & Benefits

- Memorandum of Understanding (MOU) impacts included
 - 1% Wage Increase swap for 1% EPMC, effective 7/1/15
 - 3.5% Cost of Living Adjustment negotiated in 2014 Re-Opener
- Intern Fellowship Program funded at \$19,645
 - “Just Add One” campaign to partner with private sector, augmented with \$7,892 of Community Development Block Grant



Questions/Discussion



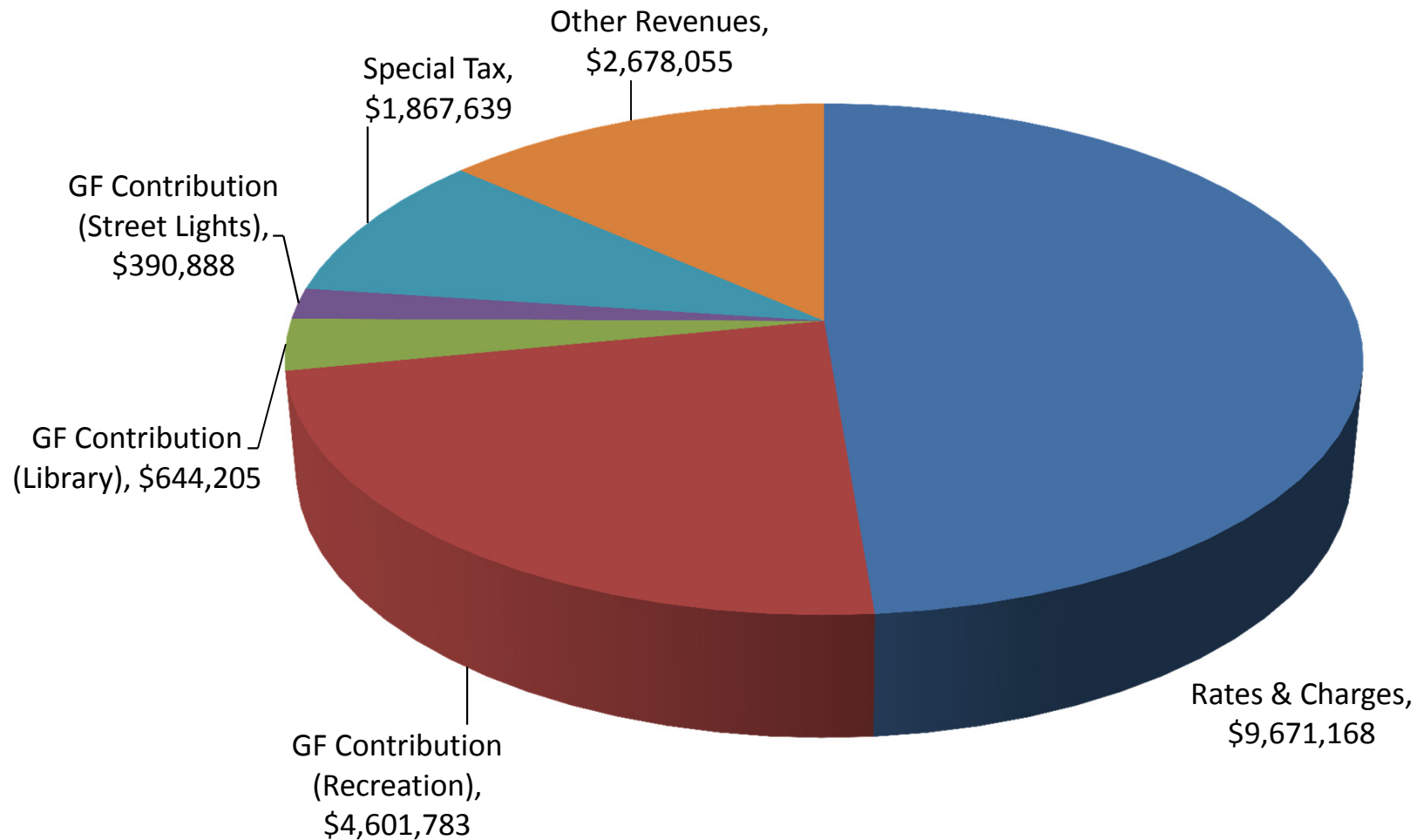


Temecula Community Services District (TCSU)

Barbillo

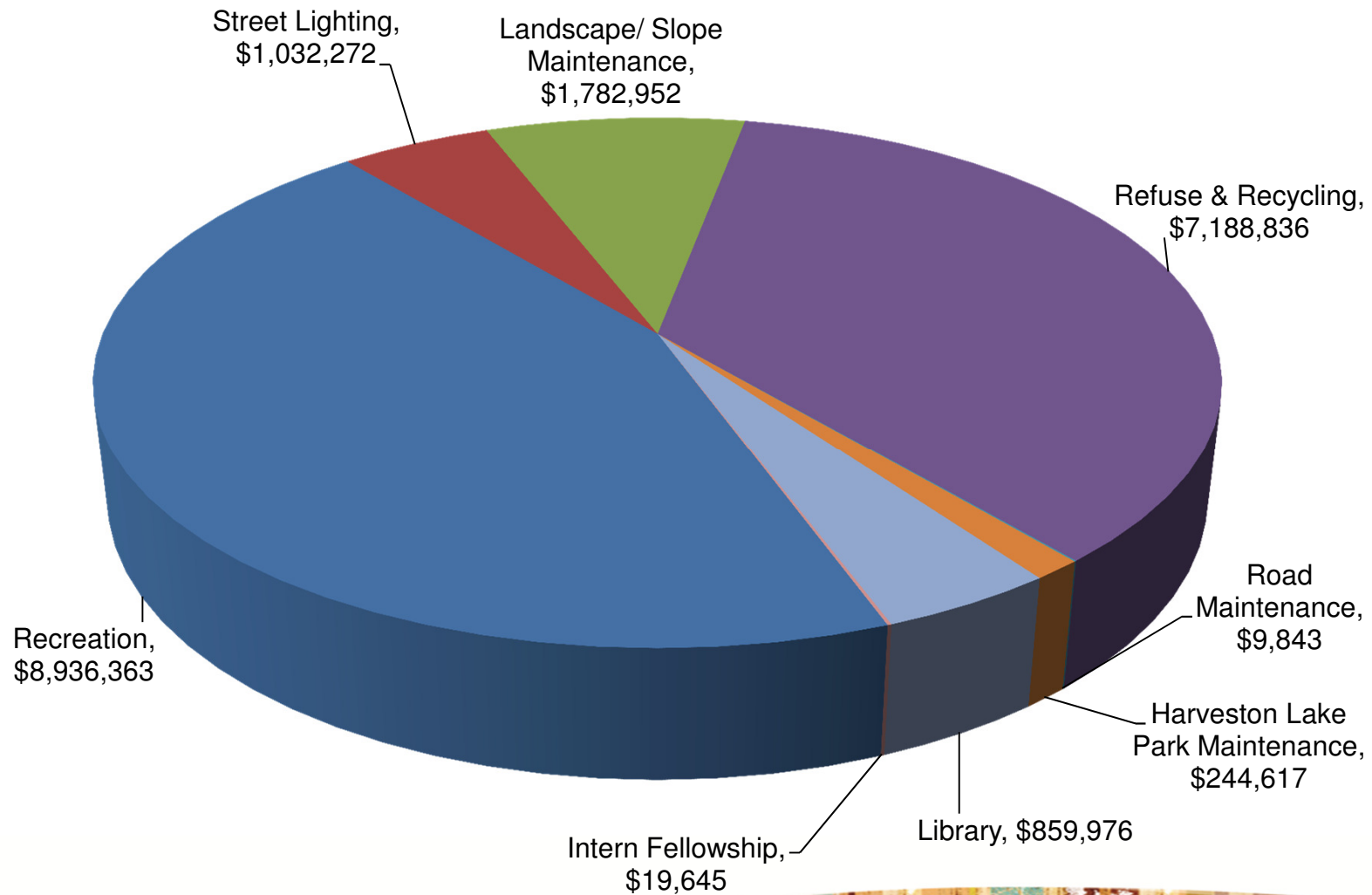
FY15-16 Annual Operating Budget

TCSD Revenue = \$19,853,738



FY15-16 Annual Operating Budget

TCSD Expenditures = \$20,095,016

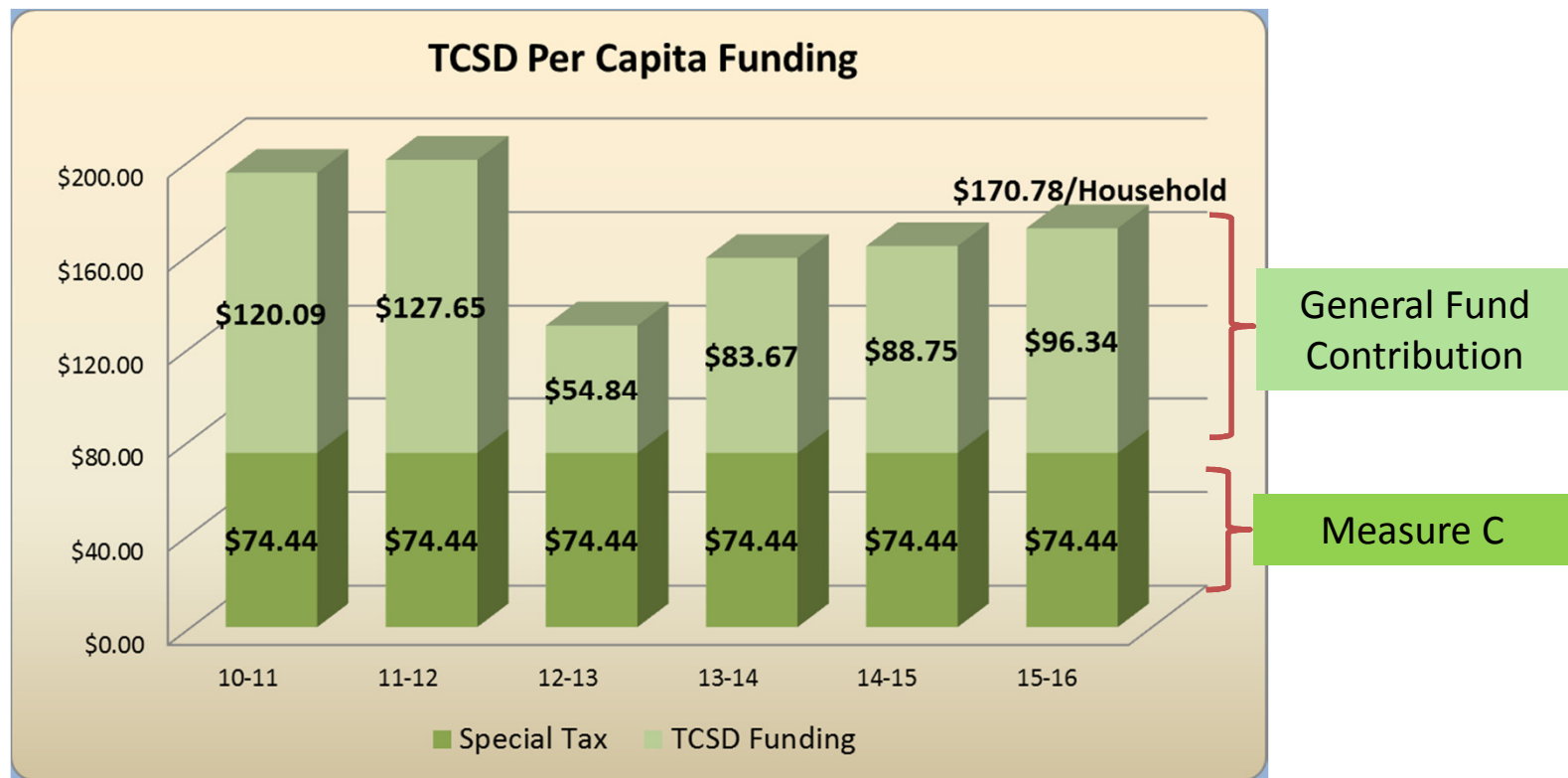


FY 15-16 Annual Operating Budget



TCSD Per Capita Funding

- Special Tax (Measure C) was set in 1997 at \$74.44/Household



Note: TCSD Funding reduced in FY 12-13 due to Parks Maintenance moving to General Fund

FY₁₅₋₁₆ Annual Operating Budget



Temecula Community Services District (TCSD)

- Program Highlights
 - Eagle Soar Playground & Splash Pad inclusive play structure dedicated to the Special Needs community
 - Renovation of CRC gym floor and scoreboards
 - City's 25th Anniversary Celebration



FY15-16 Annual Operating Budget



Temecula Community Services District (TCSD)

- Program Highlights
 - Cultural Arts Special Events
 - 1st Friday Art events in Old Town
 - Movies in the Park
 - Summer Concert Series
 - Street Painting
 - Award-winning Video Exhibit of the Oral History of WWII Veterans



FY 15-16 Annual Operating Budget



Temecula Community Services District (TCSD)

- Program Highlights
 - 2015 Rod Run event in Old Town
 - Signature Special Events
 - 4th of July Parade
 - Fireworks show
 - Santa's Electric Light Parade
 - Temecula On Ice
 - Collaboration with Old Town Temecula Association and Visit Temecula Valley on seasonal attractions

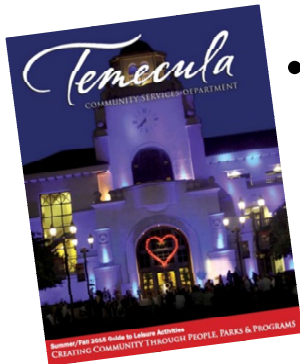


FY 15-16 Annual Operating Budget



Temecula Community Services District (TCSD)

- Program Highlights
 - Continuing Theater renovation



- Ongoing programming
 - Recreation
 - Sports
 - Active Adults
 - Special Needs



- Senior Services Needs Assessment

A photograph of a town square at dusk or dawn. In the foreground, a large, multi-tiered fountain with water cascading over its edges. Behind the fountain is a large, light-colored building with a central clock tower and arched windows. The building is illuminated with warm lights. The sky is a soft blue and orange. The text "Successor Agency to the Redevelopment Agency (SARDA)" is overlaid in a large, bold, brown font.

Successor Agency to the Redevelopment Agency (SARDA)

FY₁₅₋₁₆ Annual Operating Budget



SARDA Operating Budget

- Debt Service \$7,204,269
- Enforceable Obligations \$1,250,433
 - Abbott OPA
 - Abbott DDA
 - Affordable Housing Obligations



Questions/Discussion





5-Year Financial Plan



5-Year Financial Plan

General Fund

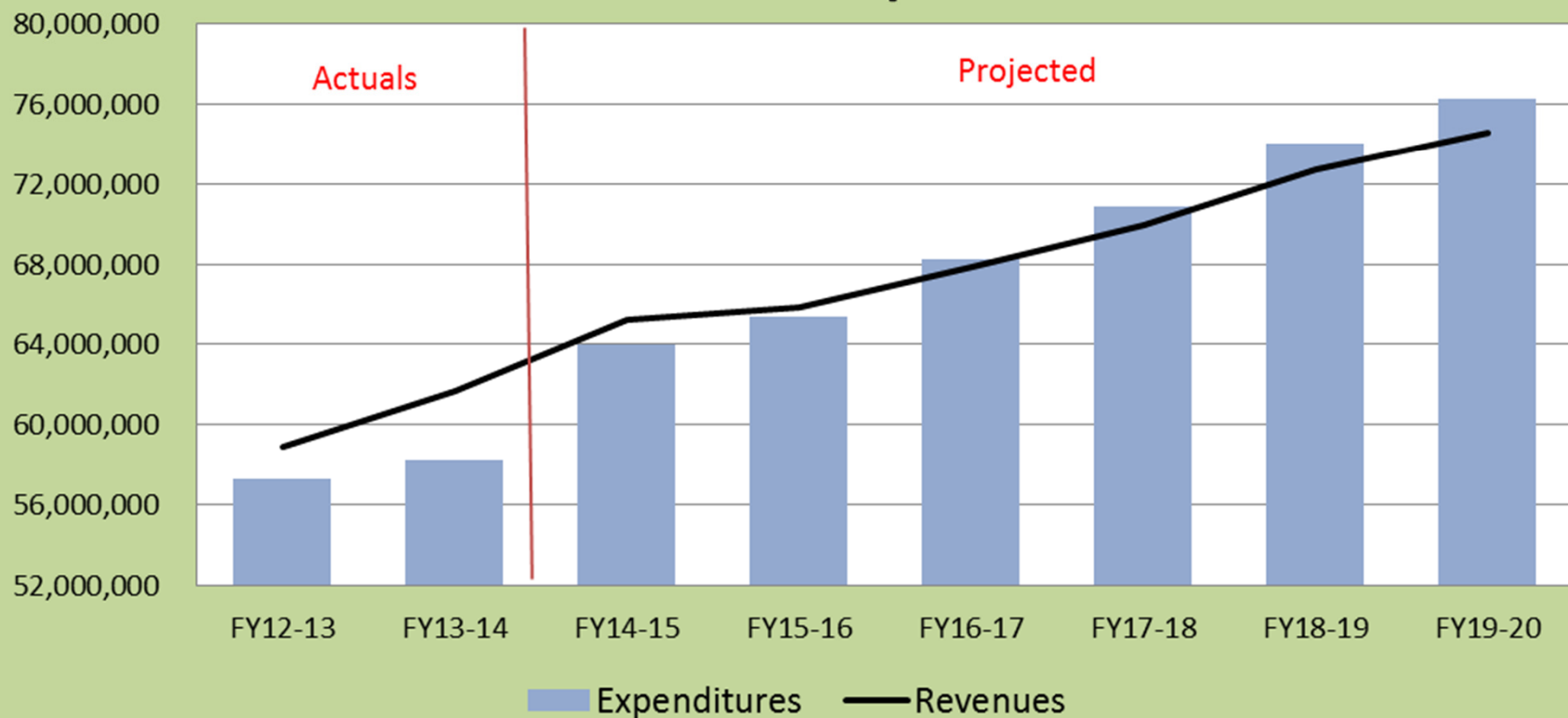
- Long-range fiscal planning serves as a valuable tool to evaluate the City's ability to fund programs and services
 - Alerts decision makers early enough to course-correct if trends indicate financial concerns
- 5-Year projections are prepared for the General Fund and TCSD
- Last year the Strategic Fiscal Planning Ad Hoc committee was established to review the financial outlook for the City and discuss measures to ensure ongoing fiscal solvency

5-Year Financial Plan

General Fund Trends – as of FY15-16

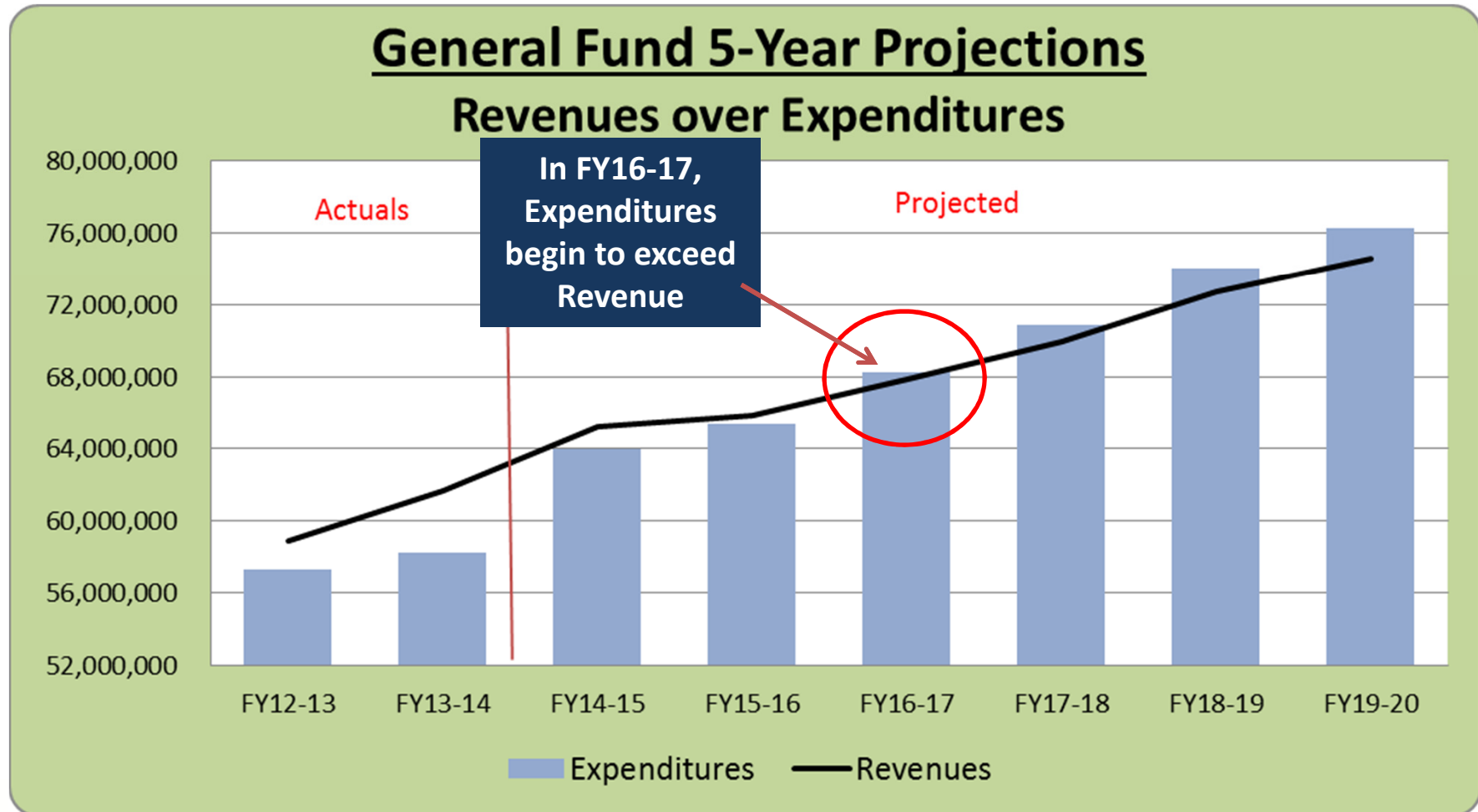


General Fund 5-Year Projections Revenues over Expenditures



5-Year Financial Plan

General Fund Trends – as of FY15-16



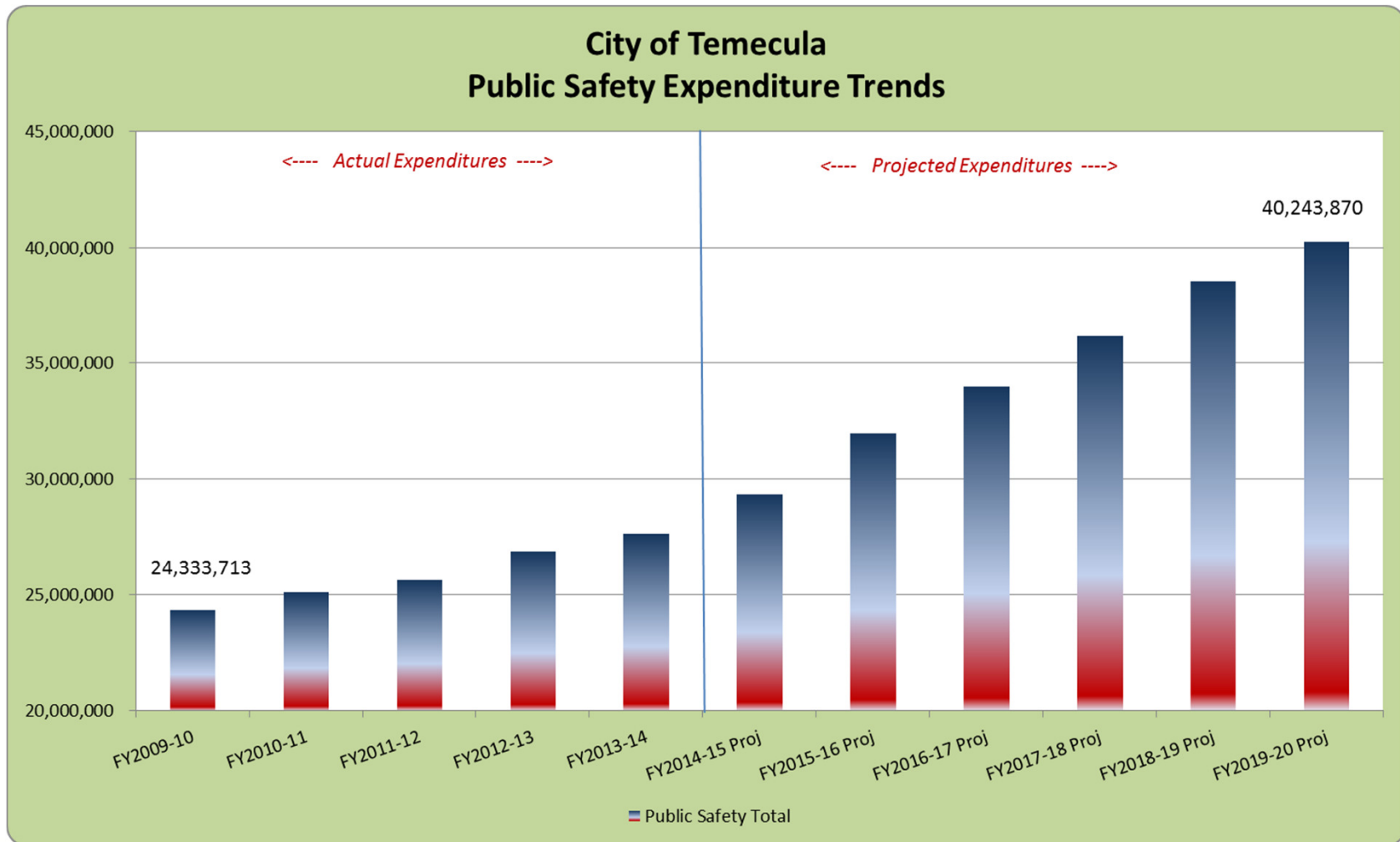
5-Year Financial Plan

General Fund

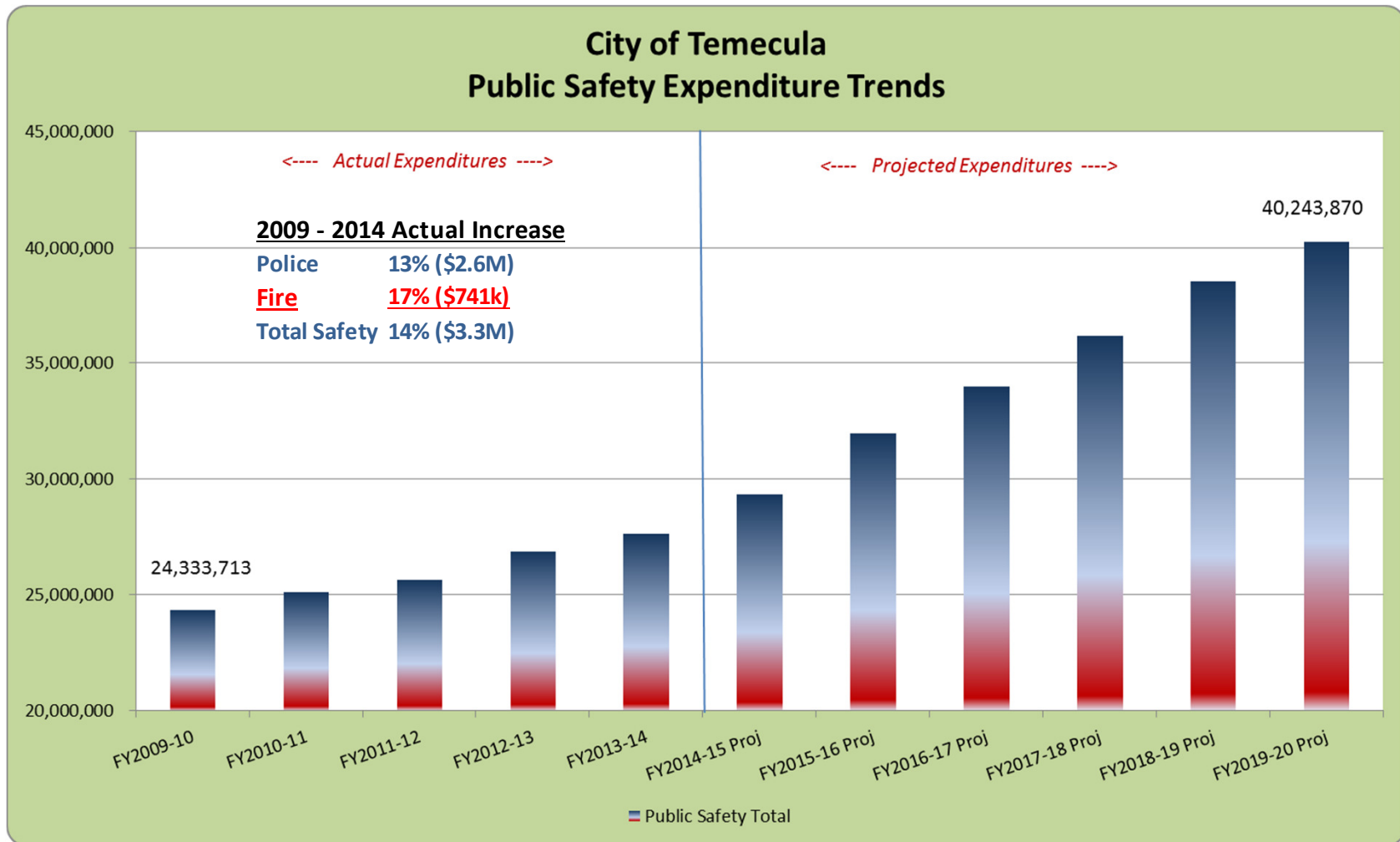
- Operating Revenues are projected at a realistic growth rate, based on known trends and information
- Expenditures are outpacing revenues due to:
 - Rising Public Safety Contracts
 - Police ~8% growth per year
 - Fire ~11% growth in FY15-16
 - Rising CalPERS Pension Costs
 - City's rates projected to increase by 8% in next 5 years
 - Law Enforcement pension costs projected to increase by 11% in next 5 years



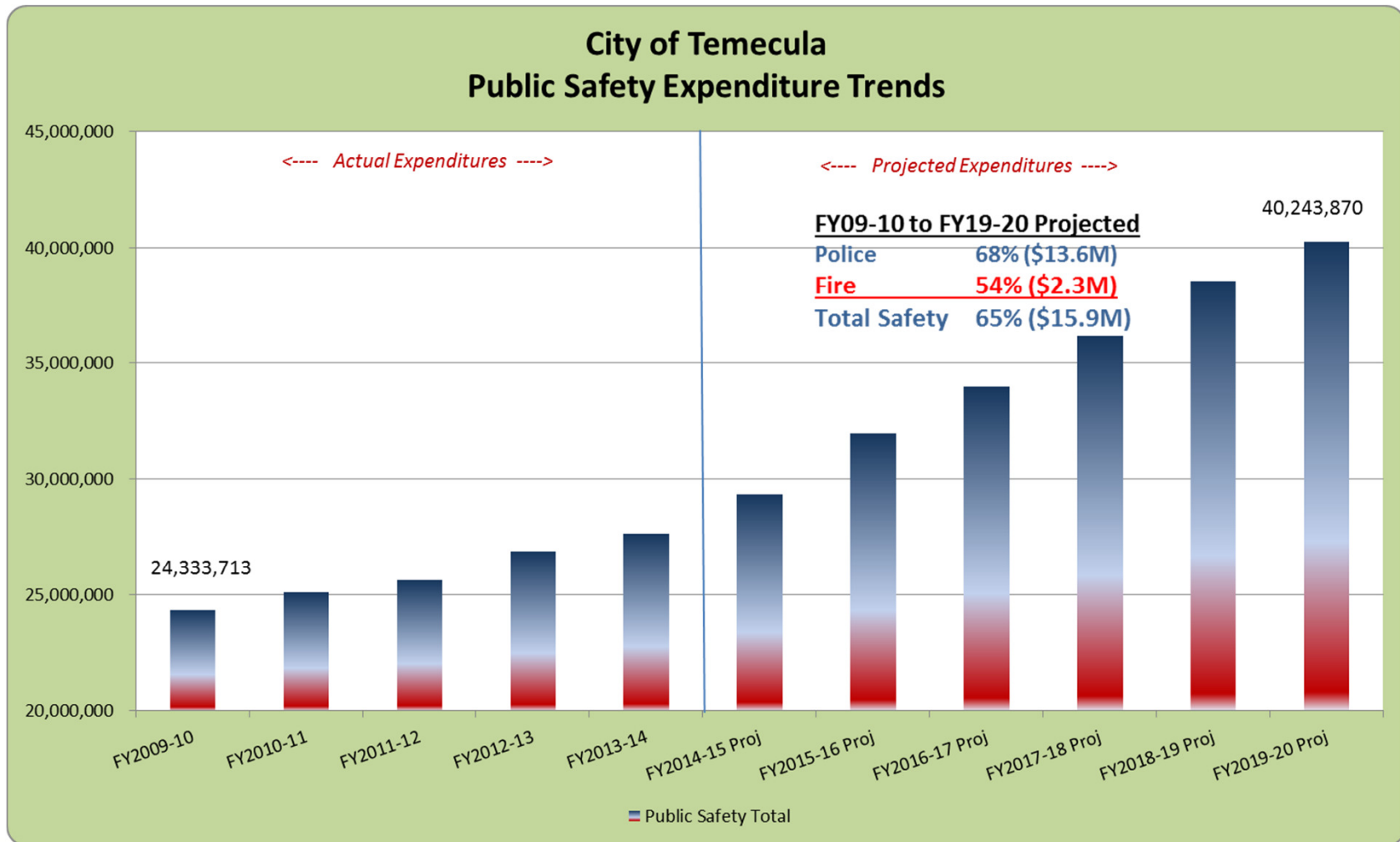
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5-Year Financial Plan



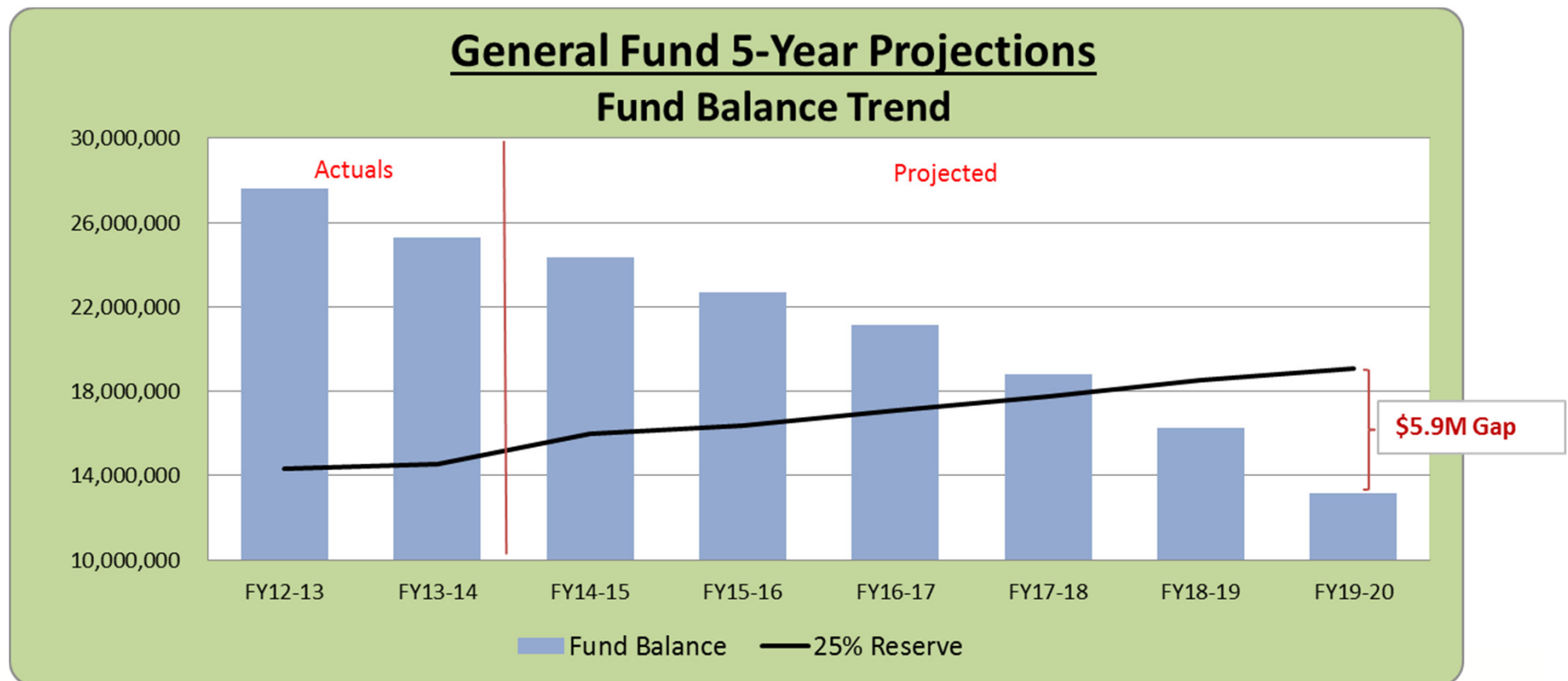
5-Year Financial Plan



5-Year Financial Plan

General Fund Balance

- With projected trends, General Fund reserves would need to be utilized starting in FY18-19



5-Year Financial Plan

Balancing the 5-Year

- Limited Options:
 - Decrease expenditures (service delivery) to fit within available resources
 - Maintaining vacancies
 - Evaluate potential savings of 3:0 staffing model for Fire
- Increase revenues to keep pace with projected expenditure growth over next 5 years
 - Updated Fee Study to be completed in FY15-16
 - Collection of Education & Government (EG) Fees
 - Evaluate Measure C, Sales Tax and Utility Users' Tax

5-Year Financial Plan

Additional Impacts

- Implementation of Employee Classification and Compensation Plan
- Development of Old Town Parking Strategies
 - Enlisted KMA to begin analysis of alternatives
- Reduction of Unfunded Liabilities (Retiree health & Pension)
 - Pre-paying annual PERS liability
 - Commissioned consultant to develop strategies on reducing future liabilities
- Water
- Public Safety costs
 - Initiated discussions amongst contract cities



Special Thanks To...

**All Department Directors & Analysts
&
Temecula's Budget Team**

Jennifer Hennessy, Rudy Graciano, Pascale Brown,
Erica Russo, Shirley Robinson,
Monica Jorgenson, & Evelyn Watson



Questions/Discussion

